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Message Text

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43
ORIGIN OES-03

INFO OCT-01 ISO-00 /004 R

DRAFTED BY OES/NET/IM:MPROCHNIK
APPROVED BY OES/NET/IM:MPROCHNIK
---------- 123038
P 281828Z AUG 75
FM SECSTATE WASHDC
TO USMISSION IAEA VIENNA PRIORITY

UNCLAS STATE 137875

E.O. 11652: N/A

TAGS: ETRD, IAEA

SUBJECT:ANTITRUST: URANIUM PRODUCER'S CARTEL

"FOLLOWING IS A REPEAT
QUOTE
R 122239Z JUN 75
FM SECSTATE WASHDC
TO AMEMBASSY LONDON
AMEMBASSY OTTAWA
AMEMBASSY CANBERRA
AMEMBASSY PARIS
INFO USMISSION OECD PARIS
AMEMBASSY PRETORIA
AMCONSUL CAPE TOWN

UNCLAS STATE 137875

E.O. 11652:N/A

TAGS: ETRD, OECD, AS, CA, UK, FR, SF

SUBJ: ANTITRUST: URANIUM PRODUCER'S CARTEL

CAPETOWN FOR EMBASSY
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1. THE DEPARTMENT OF JUSTICE HAS INFORMED THE DEPARTMENT THAT IT IS PRESENTLY CONDUCTING AN INVESTIGATION OF AN ALLEGED CARTEL OF PRODUCERS OF FOREIGN URANIUM OXIDE. THE CARTEL IS REPORTED TO CONTROL SUPPLIES AND FIX PRICES OF FOREIGN URANIUM OXIDE WITH AN EFFECT ON U.S. FOREIGN COMMERCE. FOREIGN INDIVIDUALS AND CORPORATIONS MAY BE INVOLVED IN CRIMINAL OR CIVIL VIOLATIONS OF THE FOLLOWING U.S. STATUTES: SHERMAN ACT, SECTIONS 1 AND 2; WILSON TARIFF ACT, SECTION 73; TARIFF ACT OF 1930, SECTION 337.

2. THE ALLEGED CARTEL IS REPORTEDLY CALLED THE URANIUM PRODUCER'S FORUM. THE MAJOR FOREIGN PRODUCERS WHO ARE MEMBERS OF THE CARTEL APPARENTLY CONTROL SUBSTANTIALLY ALL OF THE FOREIGN PRODUCED URANIUM. THEY INCLUDE BRITAIN'S RIO TINTO ZINC CORPORATION LTD., CANADA'S RIO ALGOM AND DENNISON MINES, LTD., AUSTRALIA'S WESTERN MINING, FRANCE'S URANEX AND SOUTH AFRICA'S NUCLEAR FUELS CORP.

3. THE CARTEL APPARENTLY HAS A SUBSTANTIAL EFFECT ON U.S. COMMERCE AT THIS TIME, EVEN THOUGH THERE IS AN EMBARGO ON U.S. IMPORTS UNTIL 1977. AEC RULES REPORTEDLY ALLOW SWAPS OF DOMESTIC BARRELS OF URANIUM FOR FOREIGN PRODUCED URANIUM AT U.S. REFINERIES. THUS, A U.S. OWNER OF FOREIGN URANIUM MAY SWAP IT WITH A FOREIGN USER WHO OWNS U.S. PRODUCED URANIUM. MOREOVER, CONTRACTS ARE CURRENTLY BEING MADE FOR FUTURE DELIVERY SO THAT THERE IS A KIND OF OVER-THE-COUNTER FUTURE MARKET IN WHICH FUTURE DELIVERY CONTRACTS ARE MADE AND TRADED. OLD CONTRACTS FOR FUTURE DELIVERY AT LOW PRICES HAVE APPARENTLY BEEN REPUDIATED BY FOREIGN PRODUCERS AND NEW PRICES NEGOTIATED.

4. IT IS LIKELY THAT IN PERSONAL JURISDICTION MAY BE OBTAINED OVER AT LEAST THREE OF THE FORUM MEMBERS. RIO TINTO ZINC OWNS U.S. BORAX & CHEMICALS CO., A U.S. COMPANY ENGAGED IN THE PRODUCTION OF POTASH BUT NOT URANIUM. RIO ALGOM, A SUBSIDIARY OF RIO TINTO ZINC, OWNS LISBON MINE IN UTAH. DENNISON MINES LTD. HAS OPERATIONS IN COLORADO. HOWEVER, DOCUMENT PRODUCTION MAY BE A PROBLEM IN THIS CASE IN THAT BRITAIN, AND SOME UNCLASSIFIED

CANADIAN PROVINCES HAVE LAWS HINDERING THE PRODUCTION OF DOCUMENTS FOR OTHER NATIONS.

5. JUSTICE HAS PREPARED A LETTER WHICH IT INTENDS TO SEND TO RIO TINTO ZINC CORP. IN LONDON AND TO RIO AL6O0 AND DENNISON MINES BOTH IN ELLIOTT LAKE, ONTARIO, WHICH REQUESTS VOLUNTARY SUBMISSION OF CERTAIN DOCUMENTS. THE LETTER REQUESTS DOCUMENTS RELATED TO FOREIGN MEETINGS

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OF URANIUM OXIDE PRODUCERS, RESTRICTIONS ON TRADE INCLUDING PRICING AND QUOTAS, GOVERNMENT APPROVAL OR PARTICIPATION IN THESE MATTERS, URANIUM OXIDE RESOURCES AND PRODUCTION, AND ANNUAL REPORTS. IT SHOULD BE NOTED THAT THIS SUBJECT IS IN THE INVESTIGATORY STAGE ONLY -- NO FORMAL ACTION HAS BEEN TAKEN NOR IS IT KNOWN IF SUCH ACTION WILL BE TAKEN.

6. FOR LONDON AND OTTAWA. PURSUANT TO 1967 OECD RECOMMENDATION ON NOTIFICATION ON ANTITRUST MATTERS, REQUEST NOTIFY UK OFFICE OF FAIR TRADING, CHANCERY HOUSE, 53 CHANCERY LANE, LONDON AND CANADIAN DIRECTOR OF INVESTIGATION AND RESEARCH, BUREAU OF COMPETITION POLICY, DEPARTMENT OF CONSUMER AND CORPORATE AFFAIRS (MR. R. J. BERTRAND) RESPECTIVELY, OF THIS INVESTIGATION. IN ADDITION, INFORM THEM OF THE LETTER TO BE SENT TO THE COMPANIES NAMED ABOVE REQUESTING VOLUNTARY SUBMISSION OF DOCUMENTS.

7. FOR CANBERRA AND PARIS. REQUEST INFORM THE SECRETARY, ATTORNEY GENERAL'S DEPARTMENT, ADMINISTRATIVE BUILDING, CANBERRA, AND MINISTRY OF FOREIGN AFFAIRS (WITH A COPY TO FRENCH DELEGATION TO OECD), PARIS, RESPECTIVELY, OF THE INVESTIGATION.

8. PLEASE REPORT ANY SIGNIFICANT HOST GOVERNMENT REACTIONS. KISSINGER UNQUOTE. INGERSOLL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ANTITRUST, URANIUM, PRODUCTION CONTROLS, CARTELS
Control Number: n/a
Copy: SINGLE
Draft Date: 28 AUG 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE237875
Document Source: CORE
Document Unique ID: 00
Drafter: MPROCHNIK
Enclosure: n/a
Executive Order: N/A
Errors: I
Film Number: D750298-0626
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t1975087/aaaaaggj.tel
Line Count: 143
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN OES
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: CollinP0
Review Comment: n/a
Review Content Flags:
Review Date: 02 JAN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02 JAN 2003 by ReddocGW>; APPROVED <11 MAR 2004 by CollinP0>
Review Markings:

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US Department of State
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Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NTITRUST: URANIUM PRODUCER'S CARTEL "FOLLOWING IS A REPEAT
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